



BRAZIL GENDER ENTREPRENEURSHIP AND INVESTMENT REPORT

According to the World Bank's Doing Business report, which measures barriers to entrepreneurship around the world, Brazil ranks 140th out of 190 countries in ease of starting a new business. For instance, it takes 11 procedures and 18.5 days to formally operate a business in Brazil versus 6 procedures and 6 days in the United States. Moreover, tax and labor laws are not entrepreneurship friendly despite numerous reforms enacted in the last few years. Currently, Brazil ranks 184th in ease of paying taxes, and it takes 1958 hours per year to do so. It should be noted, however, that Brazil recorded the most reforms improving its business environment in Latin America and the Caribbean between 2017 and 2018. In the Global Competitiveness Index 2018 Brazil ranks 72 out of 140 economies down 3 places from 2017. It ranks 66 out of 129 countries in the Global Innovation Index 2018. In the 2019 Index of Economic Freedom, the country ranks 150 out of 180 countries.

EDUCATION AND ENTREPRENEURSHIP

Brazil isn't known for their world class education system. Ranked 32 in the world for their schools, a recent study showed that 18% of Brazilians are functionally illiterate - meaning, they can read words and write numbers, but can't understand full sentences or do simple math. However, in 2016 Brazil's GEM Education Index is 0.844, the third highest in the region after Cuba and Uruguay. Education is a huge barrier to entrepreneurs in Brazil. A web-based survey of 516 schools in Brazil by Guerra and Grazziotin (2010) showed that 32% of public and 11.5% of private higher education institutions offered entrepreneurship courses. Additionally, the results of Greco et al. (2009) showed that among the entrepreneurs who start their own companies, 90% had never attended any course or training activity related to opening a business. 40% of the entrepreneurs who had taken any entrepreneurship education activity did so during their higher education studies.

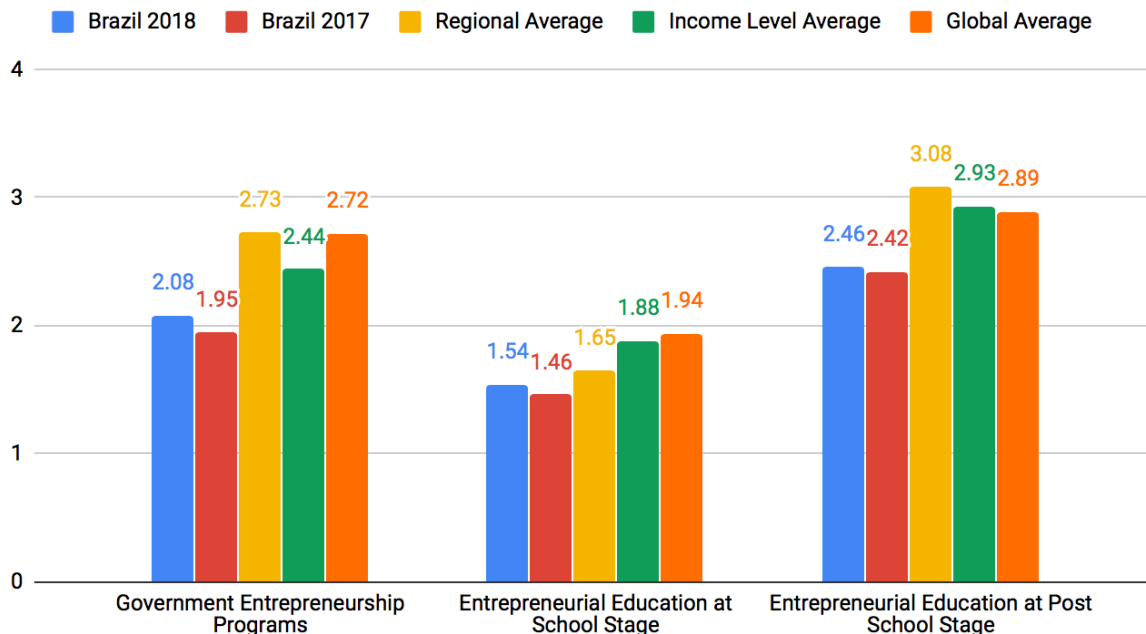
While the percentage of highly educated women (those that have participated in some form of post-secondary education) is increasing in many countries, they are not choosing to become entrepreneurs. The Female Entrepreneurship Index (FEI) is the world's first diagnostic tool that comprehensively identifies and analyzes the conditions that foster high-potential female entrepreneurship development. A study of 77 countries ranked Brazil unfavorably at 60. In fact, in some countries the percentage gap of the highly educated female population is 20% or greater than the percentage of highly educated female business owners. This is the case in Brazil (45% difference) due to lack of entrepreneurial education and networks. The female Total Entrepreneurial Activity (TEA) rate was 19.9% in 2016. In the case of efficiency-innovation driven economies, such as Brazil, the likelihood of women entrepreneurial activity changes with respect to education: higher levels of education have a positive impact on women's TEA. Only 6% of women entrepreneurs have post-secondary or higher education levels. Brazil reports substantial activity among young women age 25-34, followed by a drop to less than two-thirds that level after age 34.

According to Jose Dornelas, a recognized expert on entrepreneurship education in Brazil, 70% of the universities offer at least one entrepreneurship course. However, Dornelas says that there is a huge gap at the secondary level. Seeking to rectify the situation, he is currently working with the Secretary of Education in the state of São Paulo to train teachers in how to educate 13 through 18 year olds in



entrepreneurship. Another example of expanding entrepreneurship education into primary and secondary levels is occurring in São José dos Campos, which for the last 12 years has been offering entrepreneurship as a basic curriculum starting in the first grade. While other municipalities are looking at this program, it has not spread widely. Better preparing young people will not only lead to more entrepreneurial endeavors but also better outcomes, specifically high-growth ventures.

Expert Ratings: 1 = highly insufficient, 5 = highly sufficient
Source: GEM Country Profile Brazil 2018



BRAZIL WOMEN ENTREPRENEUR AND INVESTOR PROFILE

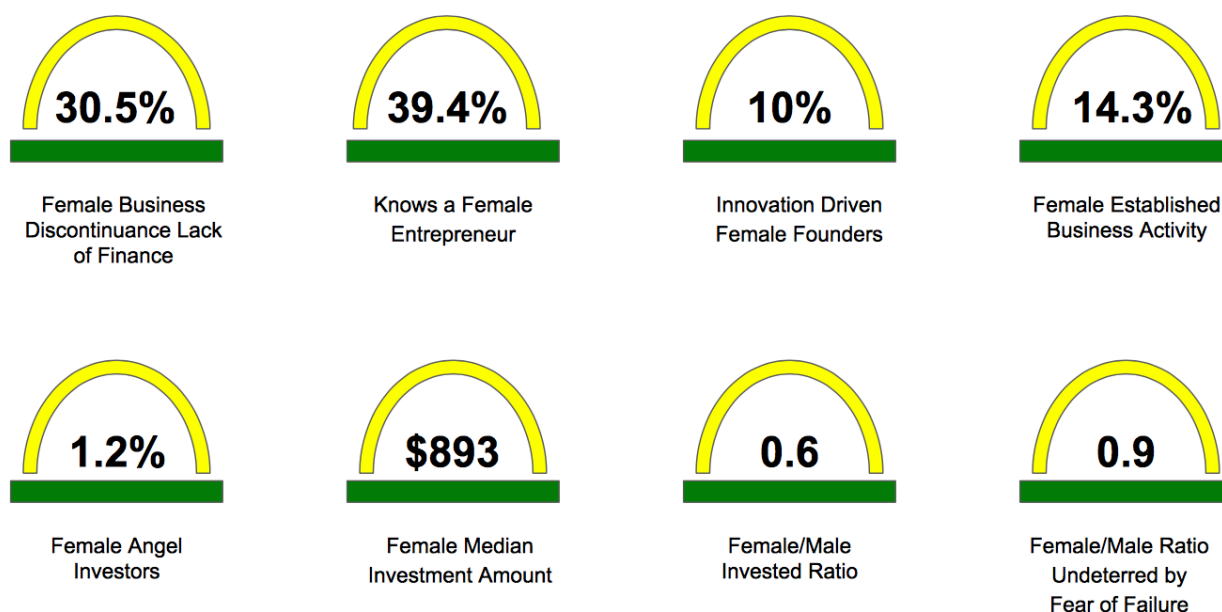
- Intentions & Established Business Activity: 27.2% of female entrepreneurs exhibited entrepreneurial intentions, but only 14.3% established businesses in 2016.
- Entrepreneurial Dreams: The percentage of men who dream of having their own business (52.9%) is slightly larger than women with the same dream (47.1%).
- Opportunity Perceptions: 36.4% of women entrepreneurs believed there are good opportunities around them in 2016, dropping from 53.5% in 2014. The ratio of female to male opportunity perceptions is 0.8, dropping from 0.9 in 2014. Women are more likely to say they have to deal with 'social culture or family preoccupations' (19.2% compared to 3.8% of men).
- Growth Expectation: Less than 2% of female entrepreneurs have growth expectations, compared to 20% of men.
- Female/Male TEA Ratio: The TEA ratio is very high (0.93) in 2018, yet the business environment has a greater regulatory burden. This can lead to more female entrepreneurs choosing not to formalize their operations (which can stunt their growth) as well as fewer businesses surviving or even making it through the startup phase.
- Change in Female TEA Rates: In 2016, female TEA rate was 19.9%, an increase of 14% from 17.4 in 2014.



- Female and Male Rates of Established Entrepreneurship (TEE): In Brazil, the entrepreneurship rates established according to gender reached 19.6% among men and 14.3% among women, a difference of 5.3 percentage points in the established ventures (TEE).
- Industry: Female entrepreneurs dominate Retail, accounting for two-thirds on average. Besides, over 30% of women entrepreneurs are active in government, education, health, and social services, almost 5 times more than men. None of female entrepreneurs work in agriculture and mining industry. Female entrepreneurs are represented in beauty and hairdressing, domestic services, catering and mobile food services.
- Innovation: Female Innovation is 11.3 Ratio of Female/Male Innovation: 0.8. Less than 10% of innovation driven startup founders in Brazil are women.
- Information and Communications Technology: Gender bias is observed in high growth, innovation driven entrepreneurship as women's representation in the ICT field is non-existent (0.0%).
- Fear of Failure: Capability Perceptions Female: 48.4, Ratio Female/Male Capability Perceptions: 0.8
Undeterred by Fear of Failure Female: 60.1, Ratio Female/Male Undeterred by Fear of Failure: 0.9
- Role Models: Personally Knowing an Entrepreneur Female: 39.4, Ratio Female/Male Knowing an Entrepreneur: 0.9
- Business Phase: Companies initial growers in Brazil are predominantly women (51.5%) and already established business entrepreneurs are men (57.3%). There is a female presence in the projects in stage (up to 42 months of existence). At this stage the participation of the female entrepreneurs especially between 18 and 34 years old, is equal to male. That is, there is existence of a balance of gender in early stage entrepreneurial activity.
- Business Discontinuance: Percentage of female-led business discontinuation due to the lack of access to capital and societal factors is third highest in Brazil (30.5%) after Tunisia (32.3%) and the Philippines (32.8%).
- Private Investment: In a study of 9 Latin American and Caribbean countries including Brazil, 24% of high growth male entrepreneurs reported support from private investment whereas 11% of high growth and 2% of low growth women entrepreneurs reported such support.
- Angel/Venture Capital Investment Rates: 1.2% of women have personally provided funds to entrepreneurs, lower than the average 5% in Latin America and North America, and 9.3% in Sub-Saharan Africa.
- Median Investment Amounts: In most Latin American countries including Brazil, women invest less than a thousand dollars (\$893). Europe has the highest regional level of investment by women. There are few women investors in general, but they invest high amounts in entrepreneurship; six countries report median investment levels over \$10,000.
- Female/Male Invested Ratio: 0.6
- Investor Relationship: Brazil has a very high level of family investment, where 91% of female investors fund relatives, who are not necessarily women. Female/Male Ratio Invested in Family or Other Relative: 1.0, Invested in Female work colleague: 0.0, Invested in Female friend or neighbor: 9.0, Invested in Female a good business idea: 0.0
- VC Decision Makers: According to the Latin American Venture Capital Association (LAVCA) there are 82 senior female investors in VC in the entire region, with 22 female VCs based in Brazil.
- Business Formalization: Only 50% of women have access to a formal bank account, which is critical for high potential female entrepreneurs.
- Entrepreneurship as Self-Employment: Only 38.6% of women entrepreneurs are starting self-



employment ventures with zero growth out of TEA. An entrepreneur creating a job for herself but not for others, and with no hiring intentions, may be viewed unfavorably by those who look to entrepreneurship as a source of job creation. Female/Male Share of self-employed with zero growth out of TEA: 1.30



BRAZIL HUMAN DEVELOPMENT INDICATORS

According to the Multidimensional Poverty Index 2019, 26.5% of Brazilian population was living below the income poverty line. During the third regional consultation for the Human Development Report 2019 gender inequality was cited as another major and persistent challenge, driven by strong gender roles, which generates major vulnerabilities in families, especially during difficult times. Females in leadership roles are about 38.8%, and 11.3% of females share the seats in parliament contributing to political, economic, and business decision making.

Gender Development Index (GDI)	0.992
Mean years of schooling, female (years)	8.0
Child marriage, women married by age 18 (% of women ages 20–24 years who are married or in union)	26
Estimated gross national income per capita, female (2011 PPP \$)	10,073
Female share of employment in senior and middle management (%)	38.8
Female graduates in science, mathematics, engineering, manufacturing and construction at tertiary level (%)	8.7
Gender Inequality Index (GII)	0.407

Human Development Index (HDI), female	0.755
Share of employment in nonagriculture, female (% of total employment in nonagriculture)	44.4
Share of seats in parliament (% held by women)	11.3
Total unemployment rate (female to male ratio)	1.35
Unmet need for family planning (% of married or in-union women of reproductive age, 15–49 years)	6.0
Women with account at financial institution or with mobile money-service provider (% of female population ages 15 and older)	67.5
Youth unemployment rate (female to male ratio)	1.14
Labour force participation rate (% ages 15 and older), female	53.2

GENDER POLICY

Equality plans are ubiquitous in most of Latin American and Caribbean economies. These plans are created for achieving gender equality, and they provide blueprints for state officials to conduct and implement the plans. This leads to empowering institutionalization and mainstreaming of gender. Below is Brazil's gender equality plan and the latter is the national development plans that mainstream a gender perspective.

Year	Name of the Plan	Responsible Entity
2013 - 2015	Third National Plan for Women's Policies, 2013-2015	Office of the President, Special Secretariat on Policies for Women
2022	Brazil 2022	Office of the President, Secretariat of Strategic Affairs

The more instilled gender equality, the more enforceable it is, and the longer-lasting. Brazil's gender equality plans are established on the basis of executive decrees, and they have a specific duration. The equality plan enforces women to participate in positions of power with decision-making capabilities. In Brazil the law requires that women make up 30% of electoral lists, and the government enforces sanctions on any type of non-compliance with this rule.

Another of the countries' concerns in the field of education is the need to make sure that students not only attend school, but also continue to remain in the educational system. A number of plans are established to exercise the right to education by many girls and reduce the dropout rate of girls in school. Brazil provides 120 days of paid maternity leave in the private sector and 180 days in the public sector. 20 days are provided each year to care for dependents.

The low participation in ICT fields by women demonstrate associations among gender, education, and employment. With special efforts devoted to the inclusion of women in scientific and technological fields,



Brazil is proposing affirmative actions such as the introduction of student aid measures (education and training) that motivate and retain more women in professional and technological fields of study.

CHALLENGES

The two biggest challenges high-growth women entrepreneurs in Latin America including Brazil face when starting their businesses are the lack of financing and the fear of failure. Both high and low growth women entrepreneurs do not have access to venture capital when starting or growing their business. Females tend to be less inclined to seek financial services. It is far easier for high growth men entrepreneurs to raise funding from angel investors and venture capitalists. Brazilian women can create new businesses in the same proportion as men, but face more difficulties and fear failure while making their fledgling ventures grow. Such a phenomenon is perhaps associated with reported conditions such as: gender concept; lower credibility by consumers because the business world is more traditional associated with men; difficulty securing funding; and difficulty to reconcile family and business demands. This situation points to the need of larger investments to support entrepreneurs to balance TEE.

According to the Mastercard Index of Women Entrepreneurs (MIWE) 2018, women in Brazil are severely constrained in knowledge assets and financial access and supporting entrepreneurial conditions such as social encouragement of female entrepreneurs, gender bias in entrepreneurial knowledge and skills, cultural perception of SME know-how. There is lack of acceptance, encouragement, and acknowledgement from society, and perhaps one of the biggest hurdles to overcome due to deeply-rooted societal values and beliefs.

Women in Brazil are less likely to seek help from support bodies such as agencies (SEBRAE, SENAC, SENAI), trade unions, and trade associations. 42.2% of women cite lack of knowledge or availability of information about these benefits, whereas 12.2% don't avail such resources due to lack of time. There is a need to invest in more efforts towards educating and supporting women entrepreneurs in Brazil to grow and succeed in their ventures.



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